

**THE ROLE OF CORPORATE GOVERNANCE AND AUDITOR
EXPERTISE ON FRAUD DETECTION**

**(Case Study at Audit Board of The Republic of Indonesia Representative
in Special Region of Yogyakarta)**

A THESIS

Presented as Partial Fulfillment of the Requirements
to obtain the Bachelor Degree in Accounting Department



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YOGYAKARTA**

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A BACHELOR DEGREE THESIS

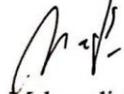
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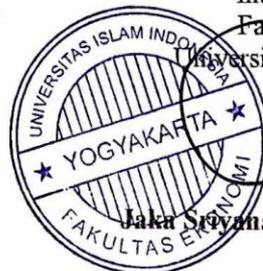


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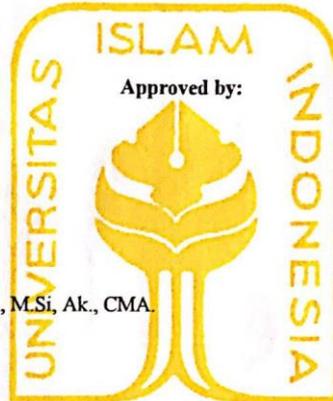
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DECLARATION OF AUTHENTICITY

Hereby I declare the originality of the thesis; I have not presented someone else's work to obtain my university degree, nor have I presented someone else's words, idea or expectations without any acknowledgements. All quotations are cited and listed in references of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, April 25th, 2019




Taufan Bagas Lefinso

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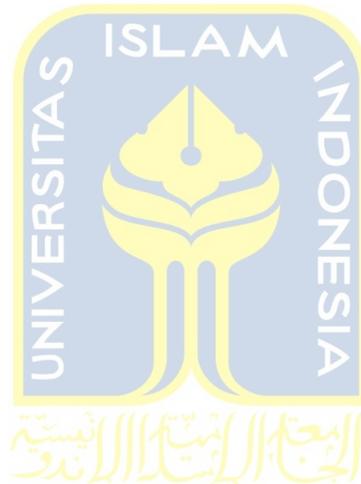
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ABSTRACT

This research aims to analyze the influence of Corporate Governance and The Expertise of Auditor in fraud detection in the company. The population in this research were auditors who work for The Audit Board of The Republic Indonesia (BPK) representative in The Special Region of Yogyakarta. Of the population, the research sample were 35 auditors. The type of data is primary data by distributing questionnaires with the research sample. For the data analysis, this study makes use of multiple linear regression analysis and a classic assumption test. The research finding reveals that Corporate Governance and Auditor Expertise have significant effect on fraud detection.

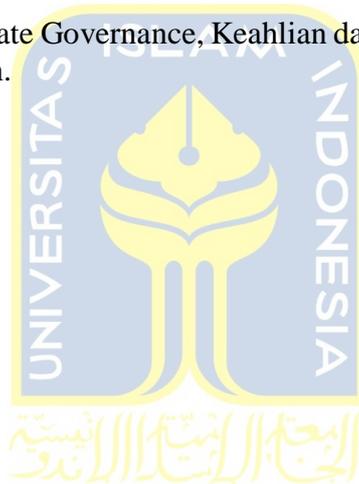
Keyword: Corporate Governance, Expertise of Auditor, Fraud, The Audit Board of The Republic Indonesia.



ABSTRAK

Penelitian ini bertujuan untuk menganalisa pengaruh peran dari Corporate Governance dan keahlian auditor dalam mendeteksi terjadinya kecurangan pada suatu perusahaan. Populasi dalam penelitian ini adalah auditor-auditor yang bekerja pada Badan Pemeriksa Keuangan (BPK) yang berada di wilayah Daerah Istimewa Yogyakarta. Dalam pengambilan data, penulis mendapat jumlah auditor yang berada pada Badan Pemeriksa Keuangan (BPK) di Daerah Istimewa Yogyakarta adalah berjumlah 35 auditor. Jenis data yang dikumpulkan oleh penulis adalah data primer dengan melakukan penyebaran questionnaire kepada auditor. Metode analisis data menggunakan analisa regresi linear berganda dan uji asumsi klasik. Pada penelitian ini, penulis menunjukkan bahwa variabel peran Corporate Governance dan keahlian dari auditor berpengaruh positif signifikan terhadap pendeteksian kecurangan.

Kata Kunci: Corporate Governance, Keahlian dari Auditor, Kecurangan, Badan Pemeriksa Keuangan.



CHAPTER I

INTRODUCTION

1.1. Background

The number of fraud cases is on the rise throughout the world and has been a central feature in a number of economic scandals in recent years. The factors that lead to fraudulent acts cannot be considered trivial, because fraud itself causes financial loss to the organizations. Fraud will harm organizations in the financial sector in both the short and long term. The level of public trust toward the organizations will also decrease if the fraudulent acts are known by the public. In addition, parties who are not involved in fraud at the organizations will also be harmed if they want to move to other organizations in the future. In general, there are three steps in order that fraud occurs – theft act, concealment, and conversion. Theft act involves the actual taking of cash, information, or other assets. It can occur manually, by computer, or by telephone. The next step is concealment that involves altering financial records, miscounting cash or inventory or destroying evidence. The last step is conversion that involves selling stolen assets or transferring them into cash and then spending the cash. If the stolen asset is cash, conversion means merely spending the stolen fund.

In terms of fraud detection in Indonesia, Association of Certified Fraud Examinations (ACFE) classifies fraud into three groups – financial statement fraud, asset misappropriation and corruption. Financial statement fraud, is fraud committed by management in the form of misstatement of material financial reports that harm investors and creditors and fraud can be both financial and non-

financial. Asset misappropriation, which means the misuse of assets can be classified into cash fraud and fraud over other inventories and assets, as well as fraudulent disbursement. Corruption is divided into conflict of interest, bribery, illegal gratuity, and economic extortion.

The sustainability of a organization depends on corporate governance of the organization. In many cases of fraud, there are some that show the importance of implementing good corporate governance on fraud detection. The application of good corporate governance can help stakeholders to know the condition of the organization through disclosure of accurate, timely and transparent financial performance. The development of corporate governance departs from stewardship theory and agency theory developed by (Jensen & Meckling, 1976). Stewardship theory is built on philosophical assumptions about human nature, that human beings are essentially trustworthy, able to act full responsibility for owning, integration and honesty with other parties. In other words, stewardship theory views management as a trustworthy entity to perform well for the public interest in general, and shareholders in particular (Puspitasari & Ernawati, 2015). Meanwhile, the agency theory bases the contractual relationship between the principal and the agent. Principal is the party that gives the agent the mandate to act on behalf of the principal, while the agent is the party to whom the principle gives a mandate to run the organization (Sari, 2012).

Corporate governance refers to the policies and procedures according to which an organization is operated, regulated and controlled. These processes are designed to protect the diverse interests of the organization's stakeholder groups.

Effective corporate governance measures are also essential to detect corporate scandals, fraud, and potential civil and criminal liability (ACFE, 2016). In relation to the responsibility for detecting of fraud, the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IAASB, 2009) makes it clear in the International Standard on Auditing (ISA 240) that the primary responsibility rests with those charged with governance of the entity and with management (In'airat, 2015). The elements of corporate governance to include the audit committee, external auditor, internal audit, and the Board of Directors.

According to the Forum for Good Corporate Governance Indonesia (FCGI) in 2009, Good Governance is a set of rules governing relationships between shareholders, managers, creditors, governments, employees and internal stakeholders and other externals that relate to their rights and obligations, or can be said as the system that directs and controls the organization. In line with detection of fraud, an organization has its own strategy to deal with frauds, that is corporate governance. In an effort to improve the application of corporate governance in Indonesia, private institutions are formed to conduct research, socialize concepts, practices, benefits and ranking of the implementation of Good Corporate Governance to business world. These institutions include the Indonesian Institute for Corporate Governance (IICG), Indonesia Institute for Corporate Directorship (IICD), Forum for Corporate Governance Indonesia (FCGI), Indonesian Audit Committee Association (IKAI), LKDI (Indonesian Board of Commissioners and Directors) and finally

in 2011 the Financial Services Authority (OJK) was formed. All of the above institutions aim to improve the quality of good corporate governance practices

There are only two public companies issuers from Indonesia that are included in the list of the 50 Best Issuers in Good Corporate Governance (GCG) Practices in ASEAN - PT Bank Danamon Tbk (BDMN) and PT Bank CIMB Niaga Tbk (CIMB). According to Wimboh Santoso as a chairman of the Financial Services Authority (OJK) board of commissioners, "This Indonesian achievement is certainly still far behind Thailand which is able to place 23 issuers, Philippines 11 issuers, Singapore 8 issuers and Malaysia 6 issuers. It is my hope that there will be many Indonesian issuers capable of penetrating the Top 50 ASEAN Companies at the ASEAN Corporate Governance Awards" (Primadhyta, 2017).

The Indonesian Institute for Corporate Directorship (IICD) assesses that the implementation of Corporate Governance, continues to increase. IICD data shows that Corporate Governance Score continued to improve, in 2012 it was 43.29% and continued to improve in 2016 to 67.99%. According to Vita Diani Satiadhi as an IICD Executive Director, the application of Corporate Governance in public organizations was considered very important to improve the performance and image of the organizations. Indonesia experienced a positive increase in 2016, but Indonesia is still at a low level in the application of good corporate governance compared to other countries. As explained earlier, in Indonesia the implementation of Good Corporate Governance is a corporate governance that applies the principles of transparency, accountability,

responsibility, independency, and fairness. All regulations issued by the Financial Services Authority (OJK) or related agencies relating to corporate governance are rules that must be applied to every organization. Plus, the OJK legally has authority over the financial services sector in Indonesia.

There is no preferential treatment for certain organizations, so all organizations should have the same implementation of corporate governance, in order to bring about healthy conditions and good operations despite the different organization size. As it is well known that corporate governance will tend to create culture, work effectiveness, financial encouragement, investor interest and of course the governance mechanism in corporate management. Corporate governance mechanism is of course very important because it affects the level of competitive advocacy that indicates the performance of the organization itself (Finanda, 2016).

An efficient management system is one of preconditions on detection of fraud in an organization. A management system needs qualitative, well-timed and reliable information generated by continuous observation and control of all activities. Monitoring activities should enable detection and timely reaction to possible target-related deviations, without jeopardizing the process of activities, including fraud (Dimitrijevic, Milovanovic, & Stancic, 2015). Hence, the topic on corporate governance, controlling activity and deviation (fraud) is worthy of investigation.

Audit Board of The Republic of Indonesia representative in Special Region of Yogyakarta has been able to prove a number of cases that have

indicated the occurrence of fraud in recent years in government agencies in Yogyakarta, as in 2014 there were unclear assets which were in the amount of Rp 3.6 billion belonging to the Yogyakarta City Government and supported by a case that also occurred in 2014, that was corruption in Persiba Bantul grant amounting to Rp 12.5 billion revealed by the Audit Board of The Republic of Indonesia representative in Special Region of Yogyakarta. Therefore, the researcher wants to investigate the way of the auditors to reveal the case of fraud that happened in Special Region of Yogyakarta, which can update the previous research that has done before. Thus, this study has entitled “The Role of Corporate Governance and Auditor Expertise on Fraud Detection”.

1.2. Research Problems

There are two problems to be discussed in this study:

1. Does corporate governance influence fraud detection?
2. Does expertise of auditor influence fraud detection?

1.3. Research Objectives

From the problem formulation above, it can be classified that the objectives of this research are:

1. To investigate the influence of corporate governance on fraud detection.
2. To investigate the influence of auditor expertise on affect fraud detection.

1.4. Research Contributions

1.4.1. Theoretical Benefits

Theoretically, this research would make a significant contribution to the field of accounting, especially behavioral accounting that is the importance of good corporate governance and expertise of better auditor on fraud detection to avoid fraud in agency theory studies.

1.4.2. Practical Benefits

Practically, organizations may take advantage of the research findings as they can be a reference for them to establish effective supervision and audit system to avoid fraudulent acts in order to practice good corporate governance.

1.5. Systematic of Writing

This research is arranged systematically, which consists of several chapters, namely: Chapter I: Introduction, Chapter II: Literature Review, Chapter III: Research Method, Chapter IV: Findings and Discussion, Chapter V: Conclusions and Recommendations. Furthermore, the description of each chapter will be explained as follows:

CHAPTER I: INTRODUCTION

The background of the problem is about the background of the research and formulation problem is a statement about the state, phenomenon, and concept that requires solutions and answers through empirical research. The purpose and usefulness of research that reveals the results to be achieved

through the research process, then systematics of writing that contains brief descriptions concise from the material discussed in each chapter.

CHAPTER II: LITERATURE REVIEW

This section presents concepts of good corporate governance, expertise of auditor, fraud detection with reference to the research problems being investigated. Furthermore, hypotheses formulation is presented based on scholarly literature review.

CHAPTER III: RESEARCH METHOD

This section presents the research variables, the population and sample. In addition, it describes the types of data from the research variables – secondary and primary data, data collection and data analysis methods.

CHAPTER IV: FINDINGS AND DISCUSSION

This section reveals the research findings and their discussions. Data analysis focuses on processed data according to analytical tools and techniques used. Interpretation of the results contains an interpretation of the results of the analysis in accordance with the analytical techniques used together with argumentation or justification.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This section presents conclusions, limitations and recommendations. The conclusion are the brief statements from what have been discussed in the prior chapter. The limitations are this study's weaknesses found after analysis and interpretation of the results. The recommendations are advices to future possible studies.

CHAPTER II

LITERATURE REVIEW

2.1. Corporate Governance

Over the last two decades, corporate governance has attracted a great deal of public interest because of its apparent importance for the economic health of corporations and society in general. It is difficult to deny, for the last ten years, the term Good Corporate Governance (GCG) has become increasingly popular in Indonesia. Good Corporate Governance is one of the keys to the organization's success to grow and benefit in the long run, while winning global business competition.

The two main theories that are closely related to corporate governance are stewardship and agency theory. Stewardship theory views management as a trustworthy entity to perform well for the benefit of the public and stakeholders, while Agency theory views that organization management is an agent for shareholders, which means that managers will act opportunistically by taking personal advantage before meeting the interests of shareholders (Prasetyo, 2009).

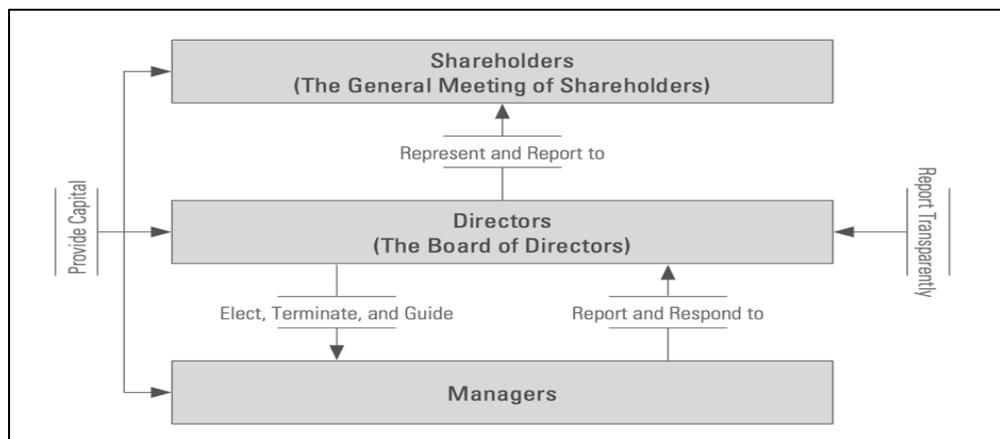


Figure 2.1 Corporate Governance System based on International Finance Corporation (2009).

Corporate Governance (CG) is one of the instruments to overcome or at least to minimize earnings management, in other words it is the system by which an organization concentrates on the relationships between the organization and its stakeholders (ICAEW, 2019). Stakeholders are those individuals or institutions that have an interest in the organization; Such an interest may arise through legislation or contract, or by way of social or geographic relationships (International Finance Corporation, 2018). There are two things that can be applied in the concept of Good Corporate Governance in Indonesian organization:

- a. Firstly, the importance of the rights of shareholders to obtain information correctly and on time.
- b. Secondly, the organization is obliged to carry out disclosures accurately, on time, transparent to shareholders, and stakeholders.

The topic of corporate governance received much attention after the scandals of poor corporate governance boomed decades ago. A number of organizations which were poorly governed are WorldCom, Anderson, Merrill Lynch, Enron, Martha Stewart, Global Crossing, Qwest Communications, Tyco International, Adelphia Communications, Computer Associates, Parmalat, Putnam, Boeing, Rite Aid, Xerox. The thing that caused many occurrences of deficient corporate governance in these organizations are falling stock markets, corporate failures, dubious accounting practices, abuses of corporate power, criminal investigations. This indicates that the entire

economic system upon which investment returns have depended, is showing signs of stress undermining investor confidence.

This has made corporate governance gain more attention especially after the Asian financial crisis (Li, Xu, Niu, & Qiu, 2012). The collapse of those public organizations was due to both a strategy failure and fraudulent practices from top management that went undetected for a long time due to the lack of independent supervision by corporate boards (Kaihatu, 2006). Measuring the effectiveness of corporate governance can be carried out by a culture and a climate of Consistency, Responsibility, Accountability, Fairness, Transparency, and Effectiveness that is deployed throughout the organization (Kocmanova & Simberova, 2012). The laws and regulations that are used as the basis for implementing corporate governance according to Financial Services Authority (Otoritas Jasa Keuangan) are as follows:

1. Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Organizations.
2. Regulation of the State Enterprise Minister No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance, State Owned Enterprises as amended by Regulation of the Minister of State-Owned Enterprises No. PER-09 / MBU / 2012 regarding Amendments to the Battle of the Minister of State Enterprises No. PER-01 / MBU / 2011 with regard to the Implementation of Good Corporate Governance in State-Owned Enterprises.

3. Financial Services Authority Circular No. 32 / SEOJK.04 / 2015 concerning Public Organization Governance.
4. Regulation of the Financial Services Authority No. 17 / POJK.03 / 2014 concerning Application of Integrated Risk Management for Financial Conglomerates.
5. Regulation of the Financial Services Authority No. 18 / POJK.03 / 2014 concerning the implementation of Integrated Governance for Financial Conglomerates.
6. Regulation of the Financial Services Authority No. 8 / POJK.04 / 2015 concerning the Website of the Issuer or Public Organization.
7. Regulation of the Financial Services Authority No. 31 / POJK.04 / 2015 concerning Disclosure of Material Information or Facts by Issuers or Public Organizations.

In addition to the required provisions of the various legislations above, organizations also base the following GCG implementation guidelines.

1. Principles of Corporate Governance developed by the Organization for Economic Cooperation and Development (OECD).
2. ASEAN Corporate Governance Scorecard.
3. Indonesian GCG Guidelines developed by the National Committee on Governance Policy (KNKG).
4. Indonesian Banking GCG Guidelines developed by the National Committee on Governance Policy (KNKG).

5. Principles for Enhancing Corporate Governance issued by the Basel Committee on Banking Supervision.

The General Good Corporate Governance Indonesia Guidelines in 2006 which are distributed by The National Governance Policy Committee (KNKG) are the main implementation guidelines for every aspect of the Good Corporate Governance principle, consisting of:

First principle, Transparency explains that organizations must provide information to stakeholders in a timely, adequate, clear, accurate way and the information should be comparable and accessible. In addition, the information must include but is not limited to the organization's vision, mission, business objectives and strategies, financial conditions, composition and compensation of management, controlling shareholders, share ownership by members of the Board of Directors and members of the Board of Commissioners along with family members in other organizations, risk management systems, systems of supervision and internal control, systems and implementation of Good Corporate Governance and the level of compliance, and important events that can affect the condition of the organization. Further, transparency also explains that the principle of openness adopted by the organization does not reduce the obligation to fulfill the organization's confidentiality requirements in accordance with laws and regulations, confidentiality of office, and personal rights. Organization policy must be written and proportionally communicated to stakeholders.

Second principle, accountability explains that an organization must determine the details of the duties and responsibilities of the organization and all employees clearly and in harmony with the organization's vision, mission, corporate values, and strategy. Next, an organization must believe that all corporate organs and all employees have the ability in accordance with their duties, responsibilities, and roles in the implementation of Good Corporate Governance. Besides that, a organization must ensure that there is an effective internal control system in managing the organization, that allows the organization capable of measuring its operations whether the organization has been consistent with the organization's business objectives or not. In terms of organization performance, in carrying out its duties and responsibilities, each organization's organ and all employees must adhere to agreed business ethics and code of conduct.

Third principle, responsibility explains that an organization must adhere to the principle of prudence and ensure compliance with laws and regulations, articles of association and by laws. In addition, an organization also must carry out social responsibilities by being concerned with the community and environmental sustainability.

Fourth principle, independency explains that each organization's organ must avoid domination by any party, must not be affected by certain interests, free from conflicts of interest and from any influence or pressure, so that decision making can be done objectively. Each organization's organ must also

carry out its functions and duties in accordance with the articles of association and legislation.

Fifth principle, fairness and equality explain that a organization must provide opportunities for stakeholders to provide input and express opinions for the interests of the organization and must open access to information in accordance with the principle of transparency, it must also provide equal and reasonable treatment to stakeholders in accordance with their benefits and contributions given to the organization, and last but not least an organization must provide equal opportunities in employee recruitment, career development, regardless of ethnicity, religion, race, class, gender and physical condition.

Based on the principles of corporate governance, an organization develops a Good Corporate Governance structure (GCG) that includes GCG structure and GCG infrastructure to run the GCG mechanism in accordance with existing laws and best practices. By basing its business activities on GCG principles, it is expected that business continuity be created in the long run.

In relation to fraud detection by corporate governance, according to The American Institute of Certified Public Accountants (AICPA, 2010), the indicators of fraud detection consist of audit committee effectiveness, internal audit effectiveness, external audit effectiveness, employee training and the presence or absence of a culture of honesty and strong ethics in the top management.

2.2. Expertise of Auditor

As it is known that, the role of supervision as well as the accountability of the board of commissioners of organizations, especially in Indonesia, is generally still inadequate. The internal and external auditor functions have not worked optimally, because he is in a difficult position to be independent and objective, whereas independence is a mental attitude that must be present in every auditor. Therefore, accountability from the board of commissioners of each organization in Indonesia is required to form an Audit Committee.

The audit committee according to the Good Corporate Governance Guidelines includes the following duties.

- a. Encouraging the formation of adequate internal supervision structures.
- b. Improving the quality of financial disclosure and reporting.
- c. Assessing the scope and accuracy of external audits, the accuracy of external audit costs and the independence and objectivity of external auditors.
- d. Preparing a letter (signed by the chairman of the Audit Committee) which describes the duties and responsibilities of the Audit Committee during the financial year being examined by the external auditor, the letter must be included in the annual report which is aside from the shareholders.

Studies on various factors that influence existence of fraud based on internal and external auditors' role have emerged for several decades.

Nieschwietz, Schultz, Zimbelmann, (2000) divided three branches of empirical research in the field of fraud detection:

- a. Research investigating the environmental conditions related to auditors' detection of fraud, which means the existence of an expectation gap is used to explain the level of lawsuits against auditors in fraud cases.
- b. Research on auditors' assessment of the risk of fraud, which deals with predictors of fraud and auditors' use of fraud cues to assess fraud risk, with or without the help of decision aids.
- c. Research on auditing plans related to fraud detection concerns auditing plans and procedures and the way they relate to the detection of fraud.

All three research areas mentioned focus on the ability of auditors to detect fraud, but ignore the actions taken by auditors once fraud has been detected, and also ignore the role of professional ethics in refraining from taking such actions (Hassink, Meuwissen, & Bollen, 2010). Questions appear, when are auditors responsible for detecting fraud? are auditors responsible for fraud detection in the organizations they inspect?

According to Gay, Schelluch, and Reid (1997) an auditor has the responsibility for detecting and reporting frauds, other illegal acts and errors. Such statement is highlighted by the collapse of big corporations including Enron and WorldCom.

Auditors can redress and report fraud:

a. Reporting to Management

As soon as the auditor detects fraud or receives signals that could be interpreted as such, the auditor needs to report this to management in writing.

b. Reporting to The Supervisory Board

At the time this study was conducted, auditing standards explicitly require certain types of fraud to be reported in writing to the supervisory board: cases of management fraud, material fraud and cases where management refuses to redress the fraud.

c. The Redress Process

When the auditor has detected fraud and management has not yet taken appropriate steps to redress the effects of the fraud, the auditor is required to demand that the fraud be redressed, i.e. the consequences of the fraud have to be rectified as far as possible and recurrence needs to be detected.

d. Auditor Resignation

The auditing standards allow the auditor to resign from the assignment in case of fraud, but require the auditor to resign if a case of material fraud has not been redressed.

e. External Reporting of Fraud

In auditing standards it is stated that when material fraud discovered during a statutory audit has not been redressed by the audit client within

a reasonable time frame, the auditor is not only required to resign from the engagement, but also notify the dedicated governmental agency (Hassink, Meuwissen, & Bollen, 2010).

2.3. Fraud Detection

According to KPMG (2014), fraud is misrepresentation properly relied upon by an individual to that person's detriment or to the unfair advantage of the fraudster.



Figure 2.2 Pyramid of potential consequences of fraud for organizations, according to VasIU, Warren, & Mackay in (2003).

Fraud can inflict significant damage at community, organizational or individual level and the potential consequences of fraud for organizations can be strategic, legal, financial or operational areas (Vasiu, Warren, & Mackay, 2003). The previous study conducted by The Association of Certified Fraud Examiners in 2007-2008 in the USA estimated that organizations lost 7 per cent of their annual revenues due to fraud (ACFE, 2008). Therefore, it is an important issue for organizations.

Corporations all over the world face a completely different set of challenges, such as globalization, rapidly evolving technology, rapid development in industry and business, risks and complexity of information and data management (Siregar & Tenoyo, 2015). It does encourage several

organizations to do detection of frauds in terms minimizing potential fraud risk in their organizations.

Studies show that three conditions are necessary for fraud to occur; a pressure, an opportunity, and a rationalization. All of those conditions are listed in the Fraud Triangle. Meanwhile, in the Fraud Tree Theory explains uniform occupational fraud classification systems, which are classified as corruption, asset misappropriation, and fraudulent statement.

Fraud Tree

Uniform Occupational Fraud Classification System

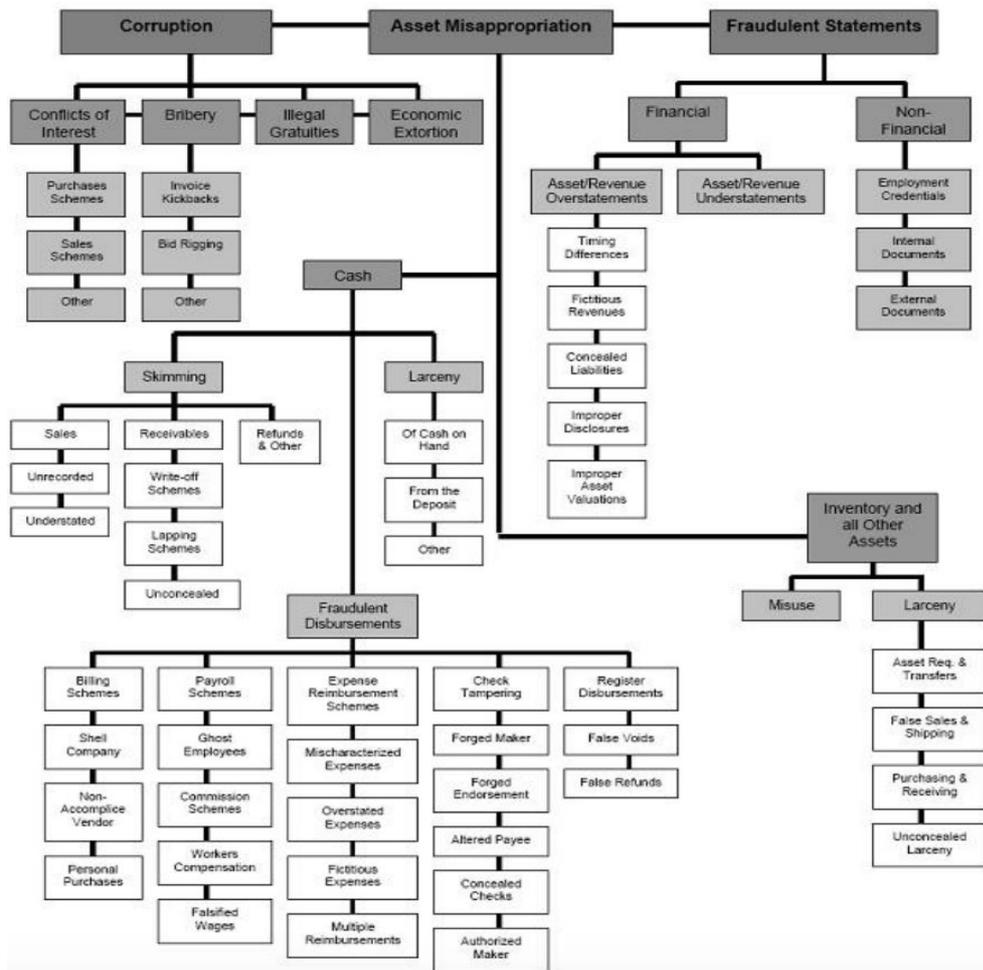


Figure 2.3 Fraud Tree, based on Association of certified Fraud Examination (ACFE) in (2016).

Association of Certified Fraud Examination (ACFE) describes occupational fraud in the form of fraud trees. This tree describes branches of fraud in employment relationships, along with branches and their twigs.

This occupational fraud tree has three main branches, namely corruption, asset misappropriation and fraudulent statements.

a. Corruption

The term corruption is different from that of our statutory provisions. Under corruption branch – one of three main branches, there are four forms of branches, namely, conflicts of interest, bribery, illegal gratuities, economic extortion. Conflicts of interest are often encountered in various forms, including the state-owned business or business officials (rulers) and their families and cronies who become suppliers or partners in government institutions and business world.

Corruption Perceptions Index 2012 - 2017:

2017 Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score
96	Indonesia	37	37	36	34	32	32

Table 2.1 Corruption Perceptions Index, according to Transparency International in (2018).

According to the 2018 Corruption Perceptions Index reported by Transparency International, Indonesia is the 96 least corrupt nation out of 175 countries. Corruption in combination with fraud an enabling element embraces the multitude of ways people can gain an undeserved

advantage over another, regardless of the consequences of those actions.

b. Asset Misappropriation

Asset misappropriation includes abuse, embezzlement or theft of organization assets or assets by parties inside or parties outside the organization.

c. Fraudulent Statement

This type of fraud is very well known to auditors who conduct general audits (opinion audits). The first branch describes fraud in preparing financial statements. This fraud is a misstatement (misstatements in both overstatements and understatements). There are two branches of this branch. First, it presents assets or income that is higher than the actual (asset / revenue overstatements). Second, presenting assets or income lower than assets (revenue understatements).

d. Benefit of Fraud Tree

The Fraud tree created by the ACFE is very useful. The Fraud tree maps fraud in the work environment. This map helps auditors recognize and diagnose fraud. There are symptoms of auditing fraud that are known as red flags. By understanding these symptoms and mastering investigative audit techniques, the auditor is expected to be able to detect fraud.

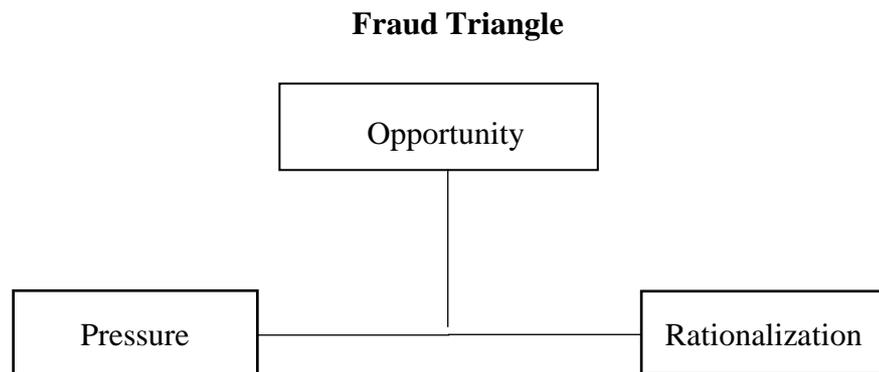


Figure 2.4 Fraud Triangle, based on Association of certified Fraud Examination (ACFE) originated from Donald Cressey's hypotheses.

Fraud Triangle is supported by three elements, namely:

1) Pressure

Management or other employees feel intensive or pressured to commit fraud.

2) Opportunity

Opportunities arise mainly because of weakness internal control to detect fraud. Opportunities can also occur due to weak sanctions, and incompetence to assess the quality of performance.

3) Rationalization

Fraudsters seek justification among others are:

- a. Actors assume that what is done is already normal done by other people too.
- b. The perpetrator perceives to have more merit towards the organization and he should receive more than he has to.
- c. The perpetrator considers his purpose to be good, namely to overcome the problem.

Chapple, Ferguson, and Kang (2009); Garwal and Medury (2011) in Soleman (2013) found that good corporate governance will reduce risk of asset misuse or detection of fraud. This means that deficient quality of corporate governance will be most likely to lead to fraud, as the principles of corporate governance do not work in accordance with their functions. That is why frauds are prevalent in Indonesia.

2.4. Previous Research

The previous studies which discuss The Role of Corporate Governance and Auditor Expertise on Fraud Detection (Case study at Audit Board of The Republic of Indonesia representative in Special Region of Yogyakarta) are explained below.

First research by Halbouni, Obeid, and Garbou (2016) entitled Corporate Governance and Information Technology in Fraud Detection, indicate that corporate governance has a moderate role in fraud detection in the UAE and that IT has the same role as traditional fraud detection techniques. The results also show no significant difference between internal and external auditors in their use of technological and traditional techniques during the course of audits. This study has two independent variables – corporate governance and information technology, and one dependent variable – fraud detection.

Second research by Pamungkas, Ghozali, and Achmad (2018) is entitled A Pilot Study of Corporate Governance and Accounting Fraud: The Fraud Diamond Model, This research used 12 fraud organizations and 32 non-

fraud organizations listed on Indonesia stock exchange that broke the article VIII.G.7 issued by Financial Services Authority (OJK). By using logistic regression, the research result shows that board of commissioners, independent commissioners and institution ownership be able to weaken the relation of change in direction towards accounting fraud. This study aims to analyze the risk factor of fraud diamond model towards accounting fraud and corporate governance as a moderating variable in relation with risk factor in fraud diamond model towards accounting fraud.

Third research by Duh and Djokic (2016) entitled Corporate Governance Quality in Selected Transition Countries, show that not only formal regulations, standards, and governance codes, but also corporate governance indices, which make the assessment of organizations' governance practices important in measuring and improving governance quality. The results of the research based on the Seecgan Index Methodology, indicated that mandatory requirements and voluntary recommendations of high governance standards had a positive impact on the corporate governance practice. This research aims to broaden our understanding of the role of standards and codes of good corporate governance in improving governance practices.

Fourth research by Wiśniewski, Kamiński, and Obroniecki (2015) entitled The Role of a Company's Internal Control System in Fraud Prevention revealed that in order to detect and prevent fraud by internal control, organizations tend to establish an effective internal control system. Internal control should cooperate with others controls (external auditing and forensic

accounting), implement new methods and techniques for fraud detection. Nevertheless, internal control should at least consult other controls while handling fraud in order to increase the quality of an organization's defense mechanism. The internal control techniques for fraud prevention may be practically implemented only when an organization has a developed system of internal control which regularly performs the process of control. This research is to show how the overall quality of control and organization performance is improved through implementation of preventive methods by internal controls, and to indicate that a developed system of internal control represents a protective barrier against various kinds of data manipulation and fraud inside the organizations.

Fifth research by Mugarura (2016) entitled *The Juxtaposition of Success and Failure of Corporate Governance Procedures*, demonstrates a close correlation between good corporate governance and corporate success. It also correlates how lack of robust corporate governance procedures could provide an environment for exploitation of corporation by executives who may have criminal inclination. The lax corporate environment can also be exploited by criminals to perpetuate other forms of criminals' activities such as money laundering and fraud. This study aims to explore a multiplicity of corporate governance issues in the narrow purview of different corporate governance systems and procedures across jurisdictional contexts and shows a correlation between proper implementation of rules and procedures in a corporation for determining the success or failure of corporations.

2.5. Hypotheses

Frauds, such as bribery, abuse of authority, embezzlement of state assets, extortion absolutely cause financial losses. Therefore, it is important for organizations to implement a Corporate Governance system to steer earnings management away from the opportunistic into the efficiency spectrum and protect the rights of stakeholders from their manager's expropriation, and that of the insiders and controlling shareholders (Surifah, 2017). In implementing corporate governance in organization, should refer to various relevant regulations and guidelines for Good Corporate Governance implementation both developed by national and international organizations.

Based on the description of the theory and research framework, a hypothesis is proposed as follows:

H1: Good Corporate Governance positively affects fraud detection.

Over the years, expertise of auditor to detect fraud become increasingly important especially in a capitalist economy as the process of wealth creation and political stability depends heavily upon confidence in processes of accountability and how well the expected roles are being fulfilled (Ştirbu, Moraru, Farcane, Blidisel, & Popa, 2009). The response of auditors based on the studies cited from Moriceau (2004) stated that auditors were aware of fraud schemes but were unwilling to address the issue in order not to harm the relationship with the client. In the nature of these studies, the evidence provided on the behavior of auditors once fraud is suspected or detected is nevertheless focused specifically on unique fraud cases and

consequently may not be applicable in a broader empirical setting. Auditors' reactions to fraud situations may suggest that auditors encounter fraud cases very infrequently, and that consequently there is no common framework on how to react in such situations (Hassink, Meuwissen, & Bollen, 2010).

Based on the description of the theory and research framework, a hypothesis is proposed as follows:

H2: Expertise of auditor positively affects fraud detection.

2.6. Conceptual Framework

This research uses the conceptual framework below:

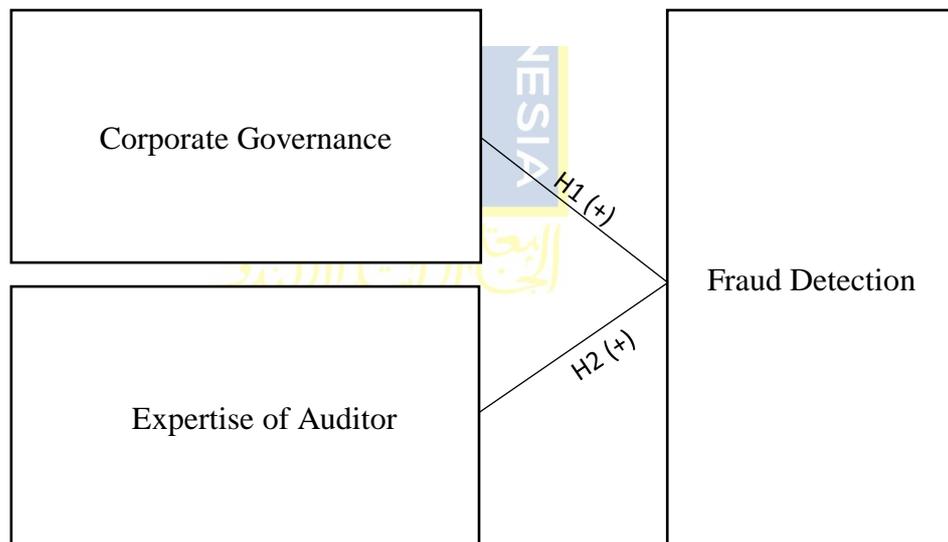


Figure 2.5 Conceptual Framework of The Study.

Such a conceptual framework provides a foundation for the research study. The framework consists of 2 independent variables which are corporate governance and expertise of auditor, while the dependent variable is fraud detection.

CHAPTER III

RESEARCH METHOD

3.1. Research Design

This quantitative research is a descriptive research that aims to provide or describe a situation or phenomenon that occur by using scientific procedures for answering the research problems. The type of this research is cause and effect relationship, in which cause and effect occur between two variables, namely dependent and independent variables. Research design is useful for measuring the relationships between variables or useful for analyzing how one variable affects other variables. This research was conducted for knowing the role of corporate governance principles as an independent variable in detecting fraud as the dependent variable. This research is supported by quantitative data, so that the validity and reliability of the data obtained will be tested first using statistical tools. After that, the research continues to the stage of analysis and interpretation of the data. Quantitative data are used as the research instruments representing the auditor's point of view of the financial audit body against fraud detection.

3.2. Population and Research Sample

Population is known as a certain group or collection of individuals or object under the study. Sample is a collection of several parts that has identical characteristics with the population. In this study the population are auditors of Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan) that are involved in auditing related to financial reports and accountability reports

in an organization. The method used in this study is census, which means a systematic method that collects and records the data about the members on population.

3.3. Data Collection Method

The data collection method of data is explained as follows:

3.3.1. Data Types

The type of data used is quantitative data, which means the data has been processed from the questionnaire distributed to the auditors of the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan) in the Yogyakarta area.

3.3.2. Data Collection

The data used in this study are primary data. Primary data is the source of research data obtained directly from the original source, not through an intermediary. Primary data used in the form of subject data (self-report data) is in the form of opinions and characteristics of respondents. Primary data in this research was obtained from the results of the questionnaires distributed to the auditors of the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan) in Yogyakarta area.

The method of data collection carried out in this study is the questionnaire method using a questionnaire that was structured in accordance with the research title. The respondents were asked their

opinions by using Likert scale survey questions. The questionnaire used in this research is a questionnaire adopted from previous research.

3.4. Research Variable

There are two types of variables used in this study, corporate governance (X_1) and expertise of auditor (X_2) as the independent variable and fraud detection as the dependent variable (Y).

3.4.1. Corporate Governance (X_1).

Corporate governance is part of an organization that acts as an effective system to guide and control the organization as well as techniques for fraud detection. In this study, detailed questionnaire was used to obtain the required data. This variable (corporate governance) is retrieved from the results of the questionnaires The 2006 Indonesian General Guidelines for Good Corporate Governance issued by The National Committee of Policy Governance in and measured by the Likert scale (Qintharah, 2013). A Likert scale is used to measure attitudes, opinions and perceptions of a person or group of people about a social phenomenon. The responses typically include the point 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (agree strongly). The questionnaires consist of 17 items of corporate governance. The distribution of the question in questionnaire was presented in the following table.

Variable	Dimension	Indicators	Instrument Number	Total
Corporate Governance	Transparency	1. Balance sheet date 2. Vision and mission of Organization 3. Target and strategy of organization 4. Financial condition 5. Management structure 6. Management compensation 7. Risk management 8. Internal control	1,2,3,4,5	5
	Accountability	1. Reward and punishment system	6,7,8,9	4
	Responsibility	1. Precautionary principle 2. Corporate social responsibility	10,11,12,1 3	4
	Fairness	1. Stakeholders	14,15,16,1 7	4

Table 3.1 The distribution of Corporate Governance question based on The National Committee of Policy Governance in (Qintharah, 2013).

3.4.2. Expertise of Auditor (X₂).

Expertise based on the opinion of Bhasin (2013) in Wardani (2018) is used to test the skills of auditors on fraud detection. The research instruments about this variable was adopted from (Sa'adiyah, 2016). The likert scale used has a range of values from one to five with the assumption for a positive statement of the answer where the point 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree). The questionnaires consist of 15 items of auditor expertise. The distribution of the question in questionnaire was presented in the following table.

Variable	Dimension	Indicators	Instrument Number	Total
Auditor Expertise	Audit Quality	<ol style="list-style-type: none"> 1. Experience in perform audit 2. Obey to the auditing standard 	3,6,15	4
	Auditor Competency	<ol style="list-style-type: none"> 1. Knowledge to accounting principle and auditing standard 2. Knowledge to the organization operation 3. Training, course, and auditor expertise 	3,4,5,7,8, 10,13,15	8

	Accountability	<ol style="list-style-type: none"> 1. Motivation 2. Effort and critical thinking to accomplish the audit process 3. Confidence in perform the audit 	<p>2,4,6,7,10, 11,12,13, 14</p>	9
	Audit Evidence	<ol style="list-style-type: none"> 1. Independency 2. Effectiveness in internal control 3. Objectivity and timeliness 	1,5,8,9,14	5

Table 3.2 The distribution of Auditor Expertise question (Sa'diyah, 2016).

3.4.3. Fraud Detection (Y).

The respondents in this study were asked to indicate whether they agreed with the statement in the questionnaire regarding the elements of corporate governance on fraud detection; transparency, accountability, responsibility and fairness. The questions on corporate governance are made according to these elements. The research instruments about this variable was adopted from and measured by Likert scale, ranging from point 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree) (Sa'diyah, 2016). The questionnaires consist of 15 items of auditor expertise. The distribution of the question in questionnaire was presented in the following table.

Variable	Dimension	Indicators	Instrument Number	Total
Fraud Detection	Red Flag	1. Accounting anomaly 2. Weak internal control	1,2,8,10,11	5
	Audit based risk	1. Mapping 2. Verifying and analyzing the transaction	1,3,4,5,6,7,9,12	8
	Audit Intelligence	1. Inquiry 2. Receive the complaints	13,14,15	3

Table 3.3 The distribution of Fraud Detection question (Sa'diyah, 2016).

3.5. Validity and Reliability Research Test

3.5.1. Validity Test

Validity test is intended to measure the accuracy of research measurement tool on issues or the real meaning of measurement (Ghozali, 2009) in (Qintharah, 2013). The measurement is to be valid if the purpose of the measurement is real, because this study uses the form of the questionnaire. The test for the correctness of the data is done by testing the authenticity of the content. Validation test is conducted by computing the correlation between the item's score and the total score. The correlation coefficient value between the result of each element is calculated with the total result by analyzing the correlated

item-total correlation. The instrument is announced valid when the correlation coefficient is greater than level of importance of 5% or 10%.

3.5.2. Reliability Test

Reliability tests are intended to test the consistency of the questionnaire in the same model or stability of the questionnaire if used from time to time (Ghozali, 2009) in (Qintharah, 2013). In other words, it retests the questionnaire that was developed in Bahasa Indonesia based on the question lines. It is the degree of stability of the measurement device in the measurement of symptoms or accidents. The higher of reliability of measuring devices, the more stable the gauges are. An instrument is said to be reliable, if the value of alpha Cronbach (α) is greater than 0.6 (Ghozali, 2009) in (Qintharah, 2013).

3.6. Data Analysis Method

3.6.1. Multiple linear regression analysis

This analysis estimates the size of the coefficient resulting from the equation that is linear, which involves a single variable for free and the value of variable size prediction tool binding (Latief, Rochaety, & Tresnati, 2007) in (Qintharah, 2013). The following is the equation of multiple linear regression:

$$Y = A + B_1X_1 + B_2X_2 + e$$

Notes:

Y = Fraud Detection

A = Constant

B = Coefficient of Regression

X₁ = Corporate Governance

X₂ = Expertise of Auditor

e = Error

3.7 Classic Assumption Test

3.7.1. Normality Test

A normality test is done to see if the regression models, dependent variable and independent variable both have a normal distribution. Normality test was conducted in this research through graphic methods and statistics.

The graphic method is used in this research to view the normal probability plot. Normal probability plot is a comparison between the actual cumulative distribution of the data with the normal cumulative distribution (Ghozali, 2009) in (Qintharah, 2013). The basic decision through this analysis is, if the data show the diagonal lines as the representation in the normal distribution, it means the regression model meets the assumption of normal life.

3.7.2. Multicollinearity Test

A multicollinearity Test is designed to test if there a relationship between independent variables in a regression model. To it put another

way, a regression model should not have a good relationship between independent variables (not multicollinearity). If the independent variables correlate each other, then these variables are not orthogonal, which means their correlation values equal zero (Ghozali, 2011) in (Qintharah, 2013).

If the variance of inflation factor (VIF) is not more than 10, the tolerance value is not less than 0.1 then the model can be said to be independent of VIF = Multicollinearity = 1 tolerance, if VIF = 0 Then $1/10 = 0.1$ or tolerance. The higher the VIF, the lower the tolerance.

3.7.3. Heteroscedasticity Test

The purpose of this heteroscedasticity test is to test whether in the regression model there is one residual variable of inequality observations to other observations. If the variance of the residual of an observation to other observations remains constant, it is called homoscedasticity and if the variance is different, it is called heteroscedasticity. Good regression model is not heteroscedasticity. Symptoms of heteroscedasticity can be detected by seeing the presence or absence of a particular pattern on the scatterplot chart on the residual value sector and the dependent variable of a study. If there is a certain pattern, the symptoms of heteroscedasticity have occurred.

CHAPTER IV

FINDINGS AND DISCUSSION

4.1. Description of Research Sample

This research investigates the role of corporate governance and auditor expertise on fraud detection. The Data collection was carried out by distributing research questionnaires directly to respondents. The distribution of the questionnaire began on January 7, 2019 to 10 February 2019, 35 questionnaires were distributed to each auditor at the Audit Board of The Republic of Indonesia Representative in Special Region of Yogyakarta. The details of the questionnaire distribution are presented in the following table.

Sample Data Distribution of Research Questionnaires

Information	Total	Percentage (%)
Number of delivered questionnaires	35	100%
Questionnaire not returned	2	5.8%
Questionnaire returned but could not be processed	1	2.8%
Questionable questionnaires	32	91.4%

Table 4.1 Primary Data Processed, (2019).

From Table 4.1, it can be seen that the questionnaires distributed to the auditors of the Audit Board of The Republic of Indonesia amounted to 35 questionnaires. The questionnaires that returned were 35 questionnaires while the ones that did not return were 2 questionnaires. So that out of the 33

questionnaires that returned, there was 1 incompatible or incomplete questionnaire. From the data above, it can be concluded that the questionnaire that could be processed in this study were 32 questionnaires.

4.2. Description of Respondent

Descriptions of respondents in this study are classified based on gender, education level, age, total of duties, and number of respondents who have attended auditor's training.

4.2.1. Characteristics based on gender

The following are the characteristics of respondents based on gender.

Description of respondents based on gender

Gender	Total	Percentage (%)
Male	18	56%
Female	14	44%
Total	32	100%

Table 4.2 Research Result, (2019).

Table 4.2 displays that the female respondents were 14 respondents (44%), while the male were 18 respondents (56%). It can be seen that the gender of the respondents in this study almost balanced.

4.2.2. Characteristics based on education level

The following are the characteristics of respondents based on the education level.

Characteristics of Respondent based on Education Level

Education Level	Total	Percentage (%)
Senior High School	0	0%
Associate Degree	0	0%
Bachelor Degree	26	81.25%
Postgraduate Degree	6	18.75%
Doctoral Degree	0	0%
Total	32	100%

Table 4.3 Research Result, (2019).

Table 4.3 demonstrates that the respondents with postgraduate degree were 6 respondents (18.75%). Postgraduate degree is the highest level of education from the respondents. Then the respondents with senior high school were 0 respondents (0%), those with associate's degree were 0 respondents (0%), those with bachelor's degree were 26 respondents (81.25%) and those with doctoral degree were 0 respondent (0%).

4.2.3. Characteristics based on age

The characteristics of respondents based on age are as follows:

Characteristics of Respondents by Age

Age	Total	Percentage (%)
<25 years old	0	0%
25-35 years old	10	31.25%
36-45 years old	19	59.375%
>45 years old	3	9.375%
Total	32	100%

Table 4.4 Research Result, (2019).

Based on the data above, it can be concluded that the majority of the respondents that aged 25-35 years old are 10 respondents or 31.25%. Then respectively the respondents aged 36-45 years were 19 respondents or 59.375% and > 45 years were 3 respondents or 9.375%, the respondents less than 25 years were 0 respondent or 0%.

4.2.4. Characteristics based on number of duties

The greater the number duties of respondents in the Audit Board of The Republic of Indonesia, the more reliable and experienced the respondents are in carrying out their duties as auditors. In this section, the respondents are grouped based on the number of duties they work for the Audit Board of The Republic of Indonesia. The group is divided into groups <10 duties in a year, groups of 11-25 duties in a year, groups of 26-35 duties in a year.

Characteristics of Respondents based on Total of Duties

Total of Duties	Frequency of Respondent	
	Respondent	Percentage (%)
<10 Duties	32	100%
11-25 Duties	0	0%
26-35 Duties	0	0%
Total	32	32%

Table 4.5 Research Result, (2019).

Based on the table above, it can be seen that in groups <10 duties in a year there are 32 respondents, 11-25 duties in a year there are 0 respondent and 26-35 duties in a year there are 0 respondent. So, the percentage obtained is 100% for the respondents who worked as many as <10 duties a year, 0% worked as many as 11-25 duties a year and 0% worked as many as 26-35 duties a year. So, it can be concluded that all of the auditors who work for the Audit Board of The Republic of Indonesia in the Yogyakarta region work as many as <10 duties in a year and these characteristic groups are the largest than other duty group.

4.2.5. Characteristics based on number of auditors have attended training

In this section, the respondents are divided based on those who have attended auditor's training or not. The distribution can be seen in the table below:

Number of Auditors have Attended Training

Auditor's Training	Total	Percentage (%)
Respondents have attended training	32	100%
Respondents have not attended training	0	0%
Total	32	100%

Table 4.6 Research Result, (2019).

From table 4.6, it can be seen that all of the 32 respondents, the number of auditors have attended training were 32 respondents (100%) and the number of respondents who have not attended auditor's training were 0 respondent (0%). It can be seen that all of respondents have attended auditor's training.

4.3. Validity and Reliability Testing Result

4.3.1. Validity Test

Validity shows the extent to which a gauge measures what researcher want to measure. A measuring scale is said to be valid if the scale is 32 used to measure what should be measured. Validity test is as follows:

Validity Test Result

Variable	Variable Indicator	R Value	P Value	Explanation
Corporate Governance	CG1	0.562	0.001	valid
	CG2	0.740	0.000	valid
	CG3	0.515	0.003	valid
	CG4	0.435	0.013	valid
	CG5	0.531	0.002	valid
	CG6	0.597	0.000	valid

	CG7	0.624	0.000	valid
	CG8	0.625	0.000	valid
	CG9	0.594	0.000	valid
	CG10	0.720	0.000	valid
	CG11	0.773	0.000	valid
	CG12	0.758	0.000	valid
	CG13	0.819	0.000	valid
	CG14	0.821	0.000	valid
	CG15	0.760	0.000	valid
	CG16	0.768	0.000	valid
	CG17	0.768	0.000	valid
Expertise of Auditor	EA1	0.892	0.000	valid
	EA2	0.892	0.000	valid
	EA3	0.830	0.000	valid
	EA4	0.760	0.000	valid
	EA5	0.782	0.000	valid
	EA6	0.822	0.000	valid
	EA7	0.805	0.000	valid
	EA8	0.877	0.000	valid
	EA9	0.883	0.000	valid
	EA10	0.930	0.000	valid
	EA11	0.508	0.003	valid
	EA12	0.726	0.000	valid
	EA13	0.795	0.000	valid
	EA14	0.751	0.000	valid
	EA15	0.743	0.000	valid
Fraud Detection	FD1	0.793	0.000	valid
	FD2	0.815	0.000	valid
	FD3	0.769	0.000	valid
	FD4	0.658	0.000	valid
	FD5	0.823	0.000	valid
	FD6	0.584	0.000	valid
	FD7	0.760	0.000	valid
	FD8	0.621	0.000	valid
	FD9	0.707	0.000	valid
	FD10	0.833	0.000	valid
	FD11	0.857	0.000	valid
	FD12	0.578	0.001	valid
	FD13	0.466	0.007	valid

	FD14	0.502	0.003	valid
	FD15	0.749	0.000	valid

Table 4.7 Validity Test Result, (2019).

Table 4.7 shows that all questions are declared valid, because p value <0.05 so that the data obtained can measure the accuracy of the measuring instrument to carry out its measuring function.

4.3.2. Reliability Test

Reliability testing of each variable makes use of Cronbach Alpha. The data obtained can be said to be reliable if the Cronbach Alpha value is greater or equal to 0.60. The results of this test are shown in table 4.8 below:

Reliability Test Result

Variable	Cronbach's Alpha	Reliability Standard	Explanation
Corporate Governance	0.884	0.6	Reliable
Expertise of Auditor	0.939	0.6	Reliable
Fraud Detection	0.921	0.6	Reliable

Table 4.8 Reliability Test Result, (2019).

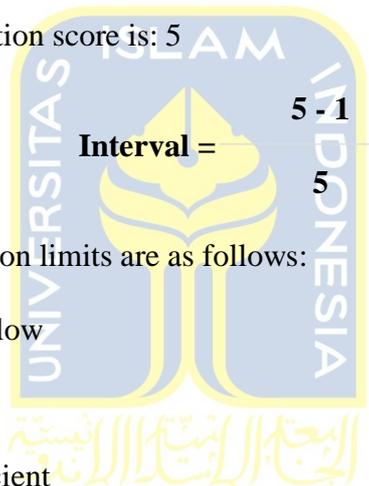
Based on the summary of the reliability test results as presented in the table above, it can be seen that the Cronbach Alpha coefficient value for each variable is greater than 0.6, so it can be concluded that all the questions in the research variable are reliable.

4.4. Descriptive Statistics

This analysis explains the descriptive assessment of respondents to the research variables consisting of corporate governance, expertise of auditor, and fraud detection. The assessment of this research variable was measured by the lowest score of 1 (strongly disagree), and the highest score of 5 (strongly agree). So that in determining the criteria for consumer evaluation of research variables can be done at intervals as follows:

The lowest perception score is: 1

The highest perception score is: 5



$$\text{Interval} = \frac{5 - 1}{5} = 0.80$$

So that the perception limits are as follows:

1.00 - 1.79 = Very low

1.80 - 2.59 = Low

2.60 - 3.39 = Sufficient

3.40 - 4.19 = High

4.20 - 5.00 = Very High

The results of the descriptive analysis of corporate governance variables, the expertise of auditor, and fraud detection can be shown in the following table:

	n	Minimum	Maximum	Mean	Std. Deviation
X1	32	3.00	4.41	3.6534	.36263
X2	32	2.73	4.80	3.9706	.52315
Y	32	3.00	4.53	3.7981	.53803
Valid n (listwise)	32				

Table 4.9 Descriptive Statistics, (2019).

From Table 4.9, it can be seen that the responses from 32 respondents on average have a high assessment of corporate governance variable, which is indicated by an average value of 3.65 in the intervals of 3.40 - 4.19. This shows that the organizations have provided information on organization financial statements transparently, has accountability in completing every responsibility, and has high fairness.

Table 4.9 also shows that the responses from 32 respondents on average have a high assessment of expertise of auditor variable, which is indicated by an average value of 3.97 in the intervals of 3.40 - 4.19. This shows that the auditor has an independent position, strong support from top management, can create a reasonable assessment structure, is able to conduct assessments and corrective, auditors can focus on areas that have high risk, and have the skills, competencies, and qualifications.

The descriptive result of the variable in Table 4.9 shows that the responses from 32 respondents on average have a high assessment of fraud detection variable, which is indicated by an average value of 3.79 in the interval 3.40 - 4.20. This is because the auditor is able to detect fraud in financial statement information.

4.5. Classic Assumption Test

4.5.1. Normality Test

The testing technique used in this study is One-Sample of Kolmogorov Smirnov test. From the result of processing the data, the following results are obtained:

Normality Test Result
One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
n		32
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.96720415
Most Extreme Differences	Absolute	.117
	Positive	.078
	Negative	-.117
Kolmogorov-Smirnov Z		.659
Asymp. Sig. (2-tailed)		.777

a. Test distribution is Normal.

b. Calculated from data.

Table 4.10 Normality Test Result, (2019).

The table above displays that the KSZ value is 0.659 and Asymp. Sig is 0.777. So that it can be concluded that the two values are greater than 0.05, it can be concluded that the data is normally distributed.

4.5.2. Multicollinearity Test

Multicollinearity test can be done in 2 ways, namely by looking at VIF (Variance Inflation Factors) and the tolerance value. If $VIF > 10$ and tolerance value < 0.10 , the symptom of multicollinearity occurs. The result of multicollinearity on independent variables can be shown in Table 4.11 below:

Multicollinearity Test Result

Variable	VIF	Explanation	Summary
Corporate Governance	1.468	<10	No Multicollinearity
Expertise of Auditor	1.468	<10	No Multicollinearity

Table 4.11 Multicollinearity Test Result, (2019).

From the results of multiple regression calculation, Table 4.11 shows that it does not contain the symptom of multicollinearity,

because all of the independent variables that have been made as predictors in this study have a VIF value of <10 .

4.5.3. Heteroscedasticity Test

The Heteroscedasticity test uses glejser, if $p \text{ value} > 5\%$ there is no symptom of heteroscedasticity. Heteroscedasticity result on independent variables can be shown in Table 4.12 below:

Heteroscedasticity Test Result

Variable	t value	p value	Summary
Corporate Governance	0.123	0.903	No Heteroscedasticity
Expertise of Auditor	0.708	0.484	No Heteroscedasticity

Table 4.12 Heteroscedasticity Test Result, (2019).

From the results of multiple regression calculation, Table 4.12 shows that it does not contain symptoms of heteroscedasticity, because all the independent variables made as predictors in this study have a $p \text{ value} > 0.05$.

4.6. Hypotheses Test Result

4.6.1. Result of Determination Coefficient (Adjusted R^2)

The coefficient of determination is used to determine the extent to which the independent variable can explain the dependent variable. It is worth knowing the value of the coefficient of determination (Adjusted R-Square); the results of the adjusted determination R^2 test as follows.

Result of Determination Coefficient (Adjusted R²)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666 ^a	.443	.405	.41511

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Table 4.13 Result of Determination Coefficient (Adjusted R²), (2019).

The test results show the magnitude of the multiple correlation coefficient (R²), the coefficient of determination (Adj R-Square), and the adjusted coefficient of determination (Adjusted R-Square). Based on the table above, that the multiple correlation coefficient (R) is 0.666. This shows that corporate governance and expertise of auditor variables on fraud detection have a very strong relationship. The table also reveals that the determination coefficient (R Square) is 0.443 and the adjusted coefficient of determination (Adjusted R-Square) is 0.405. This means that 40.5% of the variation on fraud detection can be explained by the variations in the independent variables (corporate governance and expertise of auditor), while the rest (100% - 40.5% = 59.5%) is explained by other variables that do not exist in this research, such as religiosity, leadership, internal control, and others.

4.6.2. Multiple Linear Regression

Multiple linear regression analysis was used to test the strength of the influence of corporate governance and the expertise of auditor on fraud detection. Multiple linear regression analysis used the formula:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Data processing is done using a computer program SPSS for windows. Based on the results of processing data with the SPSS program, it can be seen the magnitude of the regression coefficient. The results of processing data using a regression model can be seen in Table 4.14 below.

Summary of Multiple Linear Regression Result

Variable	Regression coefficient	t _{value}	Sig t	Explanation
Constants	0.259	0.334	0.741	
Corporate governance (X ₁)	0.519	2.085	0.046	Significant
Expertise of auditor (X ₂)	0.414	2.395	0.023	Significant

Table 4.14 Multiple Linear Regression Results, (2019).

Table 4.14 shows the regression model and the results of multiple linear regression. Thus, the equation is obtained as follows that explains the variable that affects fraud detection:

$$Y = 0,259 + 0,519X_1 + 0,414X_2$$

1) The Coefficient of Constant (β_0)

A constant value of 0.259 means that if there is no change in the independent variables - corporate governance variable (X₁), and the expertise of auditor (X₂), that affect fraud detection.

2) The Coefficient of Corporate Governance (β_1)

Corporate governance variable (X₁) has a positive influence on fraud detection, with a regression coefficient of 0.519 which means that

if corporate governance variable increases, fraud detection will increase by 0.519 units. It is assumed that expertise of auditor (X_2) variable is in constant conditions. In this positive influence, between corporate governance and fraud detection variable there is a unidirectional relationship. If corporate governance variable increases, fraud detection will increase, and vice versa if the corporate governance variable decreases, fraud detection will decrease.

3) The Coefficient of Expertise of Auditor (β_2)

The expertise of auditor variable (X_2) has a positive influence on fraud detection, with a regression coefficient of 0.414 which means that if the expertise of auditor variable increases, fraud detection will increase by 0.414 units. It is assumed that corporate governance variable (X_1) is in a constant condition. With this positive influence, the variables of the expertise of auditor and fraud detection shows a unidirectional relationship. If the expertise of the auditor variable increases, fraud detection will increase, and vice versa if the expertise of auditor variable decreases, fraud detection will decrease.

4.6.3. Results of Testing Hypotheses 1 and 2 with F test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.977	2	1.988	11.539	.000 ^b
	Residual	4.997	29	.172		
	Total	8.974	31			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Table 4.15 Result of F test, (2019).

Based on Table 4.15 above, the F test is 11.539 and the p-value of $0.000 < 0.05$ means that simultaneously role of corporate governance and auditor expertise have a significant positive effect on fraud detection.

4.6.4. Results of Testing Hypotheses 1 and 2 with t test

Based on Table 4.13 above, it can be seen the sig t value for each of the independent variables and can be used as a basis for decision making by comparing it with the probability of t value 0.05.

1) t test value on corporate governance variable.

Testing that uses a significant level of $\alpha = 5\%$, with the results of calculations in multiple regression is obtained by the value of t value of 2.085 with a significance of 0.046. The result of the sig t value test is < 0.05 so that it can be concluded that corporate governance variable partially has a significant positive effect on fraud detection, **Hypotheses 1 is supported**. The results of this study are consistent with the research conducted by (Halbouni, Obeid, & Abeer, 2016). In other words, corporate governance is positively related to the detection of fraud.

Frauds that generally occur in Indonesian organizations such as bribery, abuse of authority, embezzlement of state assets, extortion cause financial losses. Therefore, it is important for organizations to implement a Corporate Governance system to steer earnings management away from the opportunistic into the efficiency spectrum

and protect the rights of stakeholders from their manager's expropriation, and the rights of the shareholders (Surifah, 2017).

Good Corporate Governance is a system that exists within the organization and is implemented in order to achieve organizational performance to the maximum extent in ways that do not harm the stakeholders of an organization. The point is that with the implementation of Good Corporate Governance, government organizations are expected to be able to overcome various problems due to conflicts of interest between related parties or other stakeholders. In addition to the governance factors described, other factors also play an important role, namely the quality, capability, integrity, and credibility of various parties.

2) t test value on the expertise of auditor variable.

Testing that uses a significant level of $\alpha = 5\%$, with the results of calculations in multiple regression is obtained by the value of t value of 2.395 with a significance of 0.023. The results of the sig t value test are <0.05 so that it can be concluded that the expertise of auditors partially has a significant positive effect on fraud detection, **Hypotheses 2 is supported**. The results of this study are in accordance with the research conducted by Wiśniewski, Kamiński, and Obroniecki (2015) that revealed the expertise of auditor is positively related to fraud detection.

Expertise of auditor to detect fraud become increasingly important especially in a capitalist economy as the process of wealth creation and political stability depends heavily upon confidence in processes of accountability and how well the expected roles are being fulfilled (Ştirbu, Moraru, Farcane, Blidisel, & Popa, 2009).

Actions were taken by auditors once the fraud is detected; they will provide little evidence on the ethical aspects of the behavior of auditors. The responses of auditors indicate that in some instance's auditors were aware of fraud schemes but unwilling to address the issue in order not to harm the relationship with the client. Evidence provided on the behavior of auditors once the fraud is suspected or detected is nevertheless focused specifically on unique fraud cases and consequently may not be applicable in a broader empirical setting. Auditors' reactions to fraud situations may suggest that auditors encounter fraud cases very infrequently and that consequently there is no common framework on how to react in such situations (Hassink, Meuwissen, & Bollen, 2010).

The auditor's contribution is to present financial reports or sources of information in an accountable manner and provide independent opinions. In order to maintain credibility, the auditors must always improve their abilities and expertise when carrying out their duties. Even on fraud detection, they must have an expertise and use their expertise so that fraud detection can be done properly. The

expertise of auditor affects a organization's corporate governance on fraud detection that includes competency, independence, responsibility and fairness. Talking about competence, auditors must have competency attitudes obtained through knowledge, expertise, and experience in carrying out their duties. Competence is needed so that an auditor can detect quickly and precisely the presence or absence of fraud and the tricks of the engineering carried out in fraudulent acts. In relation to independence, it is very important especially in providing impartial judgments. This can only be obtained from the auditor's professionalism in completing maximum audit responsibilities. Furthermore, responsibility and fairness, responsibility and also fairness must be owned by an auditor. In each examination, the auditor must have knowledge and abilities from various scientific disciplines, such as accounting, economics, finance, statistics, electronic data processing, taxation, and law that are really needed to carry out checks appropriately.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

This research is conducted to find out the role of corporate governance and expertise of auditor on fraud detection in organizations. The variables in this study consist of corporate governance and expertise of auditor, both variables effectively influence the detection of fraud in previous studies. In addition, corporate governance variable is one of the non-financial factors used in this research to influence fraud detection. Based on the results of this research, the conclusions can be drawn as follows:

1. Corporate governance has a significant positive effect on fraud detection in organizations. This means that better corporate governance in an organization makes the fraud detection in the organization get better.
2. The expertise of auditor has a significant positive effect on fraud detection in organizations. This means that better expertise of auditor makes fraud detection in the organization get better.

5.2. Limitations

There are several limitations in this research that need to take into account for future possible studies:

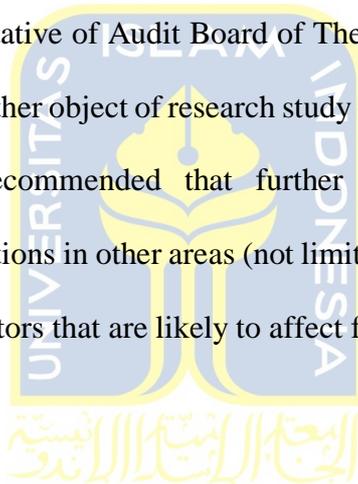
1. This research is limited to the object of research in organizations located in the city of Yogyakarta. So, it is possible for different results, discussion or conclusions for different research objects.

2. This research is limited to the variable in detection of fraud. Fraud detection is influenced by corporate governance and the expertise of auditor as much as 40.5% so that further research can add other factors and aspects, such as religiosity, rationalization, and internal control.

5.3. Recommendations

There are several recommendations for further research:

1. For further research, it can be carried out in other provincial representative of Audit Board of The Republic of Indonesia and by adding other object of research study such as public accounting firm.
2. It is recommended that further studies to investigate other organizations in other areas (not limited to Yogyakarta city) and add other factors that are likely to affect fraud detection.



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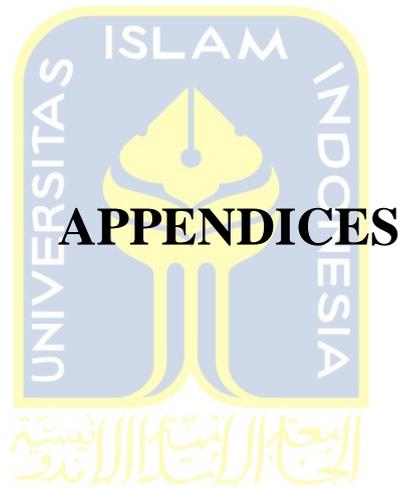
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APPENDIX 1: Questionnaire Sheet

QUESTIONNAIRE

**THE ROLE OF CORPORATE GOVERNANCE
ON FRAUD DETECTION**

**(Study Case at Audit Board of The Republic of Indonesia Representative in Special
Region of Yogyakarta)**



TAUFAN BAGAS LEFINSO

Student Number: 15312014

**DEPARTMENT OF ACCOUNTING
INTERNATIONAL PROGRAM
FACULTY OF ECONOMICS
UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA**

2019

KUESIONER PENELITIAN

Kepada Yth: Bapak/Ibu Auditor

BPK RI Perwakilan Provinsi DIY

Di Yogyakarta

Dengan hormat, bersama kuesioner ini saya:

Nama : Taufan Bagas Lefinso
NIM : 15312014
Prodi : Akuntansi Program Internasional
Fakultas : Ekonomi
Universitas : Universitas Islam Indonesia

Memohon kesediaan Bapak/Ibu untuk bersedia mengisi kuesioner dengan tujuan untuk memperoleh data terkait penyusunan skripsi yang berjudul “Peran Corporate Governance dan Keahlian Auditor Dalam Mendeteksi Terjadinya Fraud (Studi Pada BPK Perwakilan Provinsi Daerah Istimewa Yogyakarta)”.

Untuk itu sangat diharapkan kesediaan Bapak/Ibu agar mengisi kuesioner sesuai dengan kenyataan dan keadaan sebenarnya, perlu diketahui bahwa kuesioner ini hanya semata-mata untuk kepentingan akademik dan tidak untuk dipublikasikan secara umum.

Atas kesediaan Bapak/Ibu dalam menjawab kuesioner ini, saya sampaikan terimakasih.

Hormat saya,

Taufan Bagas Lefinso

BAGIAN I: PROFIL AUDITOR

Untuk keabsahan data penelitian ini, saya mengharapkan kepada Bapak/Ibu untuk mengisi data-data berikut dengan memberi **tanda checklist** (√) pada jawaban yang telah tersedia.

1. Nama Responden : (Boleh Tidak Diisi)
2. Jenis Kelamin : () Laki-Laki () Perempuan
3. Umur Responden : tahun
4. Pendidikan Terakhir : () Diploma () S1
() S2 () S3
5. Jabatan :
6. Rata-rata jmlah penugasan yang dapat ditangani selama 1 tahun :
() <10 penugasan () 10-20 penugasan () 21-30 penugasan
7. Sudah pernah mengikuti pelatihan auditor:
() Sudah () Belum

BAGIAN II: PETUNJUK PENGISIAN

Petunjuk: Mohon Bapak/Ibu memberikan pendapat atas pernyataan-pernyataan berikut, Pada setiap pertanyaan telah disediakan bagian lima point skala disampingnya dengan keterangan sebagai berikut:

1. Sangat setuju (SS)
2. Setuju (S)
3. Netral (N)
4. Tidak Setuju (TS)
5. Sangat tidak setuju (STS)

Anda diminta untuk memberikan jawaban yang tersedia di samping pertanyaan sesuai dengan jawaban/keadaan anda dengan cara memberi **tanda checklist** (√).

**PERAN CORPORATE GOVERNANCE DALAM MEMPENGARUHI
PENDETEKSIAN FRAUD**

No.	Pernyataan	STS	TS	N	S	SS
	Transparansi (<i>Transparency</i>):					
1.	Pemerintah telah menyediakan informasi laporan keuangan perusahaan secara tepat waktu.					
2.	Pemerintah telah menyediakan informasi laporan keuangan sesuai dengan standar akuntansi yang berlaku.					
3.	Pemerintah telah menyediakan informasi yang jelas dan mudah diakses oleh pihak-pihak yang berkepentingan khususnya pemegang saham.					
4.	Informasi yang telah diungkapkan oleh pemerintah meliputi visi, misi, sasaran kondisi keuangan, susunan organisasi, dan kejadian-kejadian penting yang mempengaruhi kondisi pemerintahan.					
5.	Setiap kebijakan dari pemerintah telah didokumentasikan dan ditujukan kepada internal pemerintah.					
	Akuntabilitas (<i>Accountability</i>):					
6.	Rincian tugas dan tanggung jawab masing-masing organ dari pemerintah dan semua karyawan telah ditetapkan secara jelas selaras dengan visi, misi dan strategi pemerintah.					

7.	Setiap organ pemerintah dan pegawai telah mempunyai kemampuan sesuai dengan tugas, tanggung jawab dan peranan masing-masing.					
8.	Sistem pengendalian internal telah dilakukan secara efektif dalam pengelolaan pemerintahan.					
9.	Dalam melaksanakan tugas dan tanggung jawab, organ dan pegawai pemerintah telah berpegang pada etika bisnis dan pedoman perilaku (<i>coe of conduct</i>) yang telah disepakati.					
	Pertanggungjawaban (<i>Responsibility</i>):					
10.	Setiap organ pemerintah telah berpegang pada prinsip-prinsip kehati-hatian dalam melaksanakan tugas dan fungsi masing-masing organ.					
11.	Telah adanya kepatuhan terhadap peraturan di lingkungan pemerintah.					
12.	Pemerintah telah melaksanakan tanggung jawab sosial seperti peduli terhadap masyarakat dan lingkungan terutama disekitar pemerintahan tersebut berada.					
13.	Pemerintah telah memberikan kesempatan kepada pihak-pihak yang memiliki kepentingan dengan cara menerima segala bentuk kritik, saran dan pendapat bagi kepentingan pemerintahan kedepannya.					

	Keadilan (<i>Fairness</i>):					
14.	Pemerintah telah memberikan perlakuan yang setara dan wajar kepada <i>stakeholders</i> sesuai dengan manfaat dan kontribusi yang diberikan kepada pemerintahan.					
15.	Pemerintah telah memberikan kesempatan yang sama dalam penerimaan pegawai untuk berkarir dan melaksanakan tugasnya secara professional tanpa membedakan suku, agama, ras, golongan, <i>gender</i> dan golongan fisik.					
16.	Telah adanya kebijakan kompensasi positif (penghargaan, insentif, dll) terhadap keberhasilan pegawai dari pemerintah.					
17.	Telah adanya kebijakan kompensasi negatif (hukuman, teguran, dll) terhadap kinerja yang kurang memuaskan dari pegawai oleh pemerintah.					

Source: The 2006 Indonesian General Guidelines for GCG issued by the National Committee of Policy Governance in (Qintharah, 2013).

**PERAN KEAHLIAN AUDITOR DALAM MEMPENGARUHI
PENDETEKSIAN FRAUD**

No.	Pernyataan	STS	TS	N	S	SS
1.	Auditor telah mempunyai kedudukan yang independen dalam pemerintah.					
2.	Auditor telah mempunyai uraian tugas secara jelas dan tertulis pada pemerintah.					
3.	Auditor telah mempunyai kemampuan terkait dengan proses audit pada pemerintah.					
4.	Auditor telah mempunyai dukungan yang kuat dari <i>top manajemen</i> pada pemerintah.					
5.	Auditor telah memiliki sumber daya yang <i>professional, capable, objective, integrity</i> dan loyalitas pada pemerintah.					
6.	Auditor telah bisa bekerja sama dengan akuntan publik pada pemerintah.					
7.	Auditor telah dapat menciptakan struktur pengkajian yang wajar dan sesuai pada pemerintah.					
8.	Auditor telah memiliki pengetahuan yang cukup tentang tata kelola pada pemerintahan.					
9.	Auditor telah melakukan pemeriksaan internalnya dengan hati-hati dalam menggunakan kemahiran jabatannya.					

10.	Auditor telah mampu melakukan penilaian dan korektif terhadap laporan operasional pada pemerintah.					
11.	Auditor telah dapat menyesuaikan diri dengan keadaan dan lingkungan dalam pemerintah.					
12.	Auditor telah dapat memfokuskan diri pada area-area yang memiliki risiko tinggi terjadinya <i>fraud</i> pada pemerintah.					
13.	Auditor telah dapat memberikan rekomendasi setelah dilakukannya investigasi pada pemerintah.					
14.	Auditor telah mampu menyediakan informasi mengenai kecukupan dan efektivitas sistem pengendalian internal pada pemerintah.					
15.	Auditor pada pemerintah telah memiliki keterampilan, kompetensi dan kualifikasi auditor yang baik dalam melakukan audit.					

Source: (Sa'diyah, 2016)

PENDETEKSIAN FRAUD

No.	Pernyataan	STS	TS	N	S	SS
1.	Saya mendapatkan dokumen dan sumber transaksi yang tidak lengkap atau palsu pada pemerintah.					
2.	Saya mendapatkan kesamaan nama dan alamat antara pembeli dan penerima pembayaran pada transaksi yang dilakukan oleh pemerintah.					
3.	Saya mendapatkan piutang yang telah jatuh tempo pada pemerintah.					
4.	Saya mendapatkan rekonsiliasi yang belum tertulis pada pemerintah.					
5.	Saya mendapatkan pembayaran dengan bukti transaksi duplikat (salinan) pada transaksi yang dilakukan oleh pemerintah.					
6.	Saya mendapatkan ayat jurnal yang salah atau tidak sesuai dengan standar akuntansi yang berlaku pada penyusunan laporan keuangan oleh pemerintah.					
7.	Saya mendapatkan buku besar yang tidak akurat antara <i>general ledger</i> dengan <i>subsidiary ledger</i> pada pemerintah.					

8.	Saya mendapatkan kelemahan dalam pengendalian intern (<i>internal control</i>) pada pemerintah.					
9.	Saya mendapatkan hubungan kekeluargaan antara manajemen dengan pegawai pada organ pemerintah.					
10.	Saya mendapatkan pendapatan yang meningkat dengan arus kas masuk yang menurun pada pemerintah.					
11.	Saya mendapatkan pendapatan yang meningkat dengan piutang yang menurun pada pemerintah.					
12.	Saya mendapatkan tidak adanya <i>komite audit</i> pada organ pemerintah.					
13.	Saya mendapatkan Perubahan gaya hidup dan kebiasaan pegawai pada organ pemerintah.					
14.	Saya mendapatkan intuisi atasan pegawai atau sesama pegawai melihat kejanggalan atau kecurigaan terhadap perilaku yang tidak biasa pada organ pemerintah.					
15.	Saya mendapatkan adanya laporan pengaduan atau keluhan pada pemerintah.					

Source: (Sa'diyah, 2016)

APPENDIX 2: Recapitulation of respondents' answers

X1: Corporate Governance

No	CG1	CG2	CG3	CG4	CG5	CG6	CG7	CG8	CG9	CG10	CG11	CG12	CG13	CG14	CG15	CG16	CG17	Total	X1
1	4	4	4	4	4	3	3	3	3	3	3	3	3	3	3	3	3	56	3,29
2	4	4	4	4	4	3	3	3	3	4	4	3	4	3	4	3	3	60	3,53
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	51	3,00
4	3	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	62	3,65
5	3	4	3	4	3	4	4	4	4	4	3	4	4	4	4	4	4	64	3,76
6	5	5	4	4	4	5	4	4	4	4	5	4	4	4	4	4	4	72	4,24
7	4	4	4	4	4	5	5	4	5	5	5	4	5	5	4	4	4	75	4,41
8	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	51	3,00
9	5	5	5	5	5	3	3	4	3	3	4	4	4	4	4	4	4	69	4,06
10	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
11	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
12	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
13	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
14	4	4	4	4	4	3	3	3	3	3	3	3	3	3	3	3	3	56	3,29
15	4	4	4	4	4	3	3	3	3	4	4	3	4	3	4	3	3	60	3,53
16	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	51	3,00
17	3	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	62	3,65
18	3	4	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	66	3,88
19	5	5	4	4	4	5	4	3	3	4	5	4	4	4	4	4	4	70	4,12
20	4	4	4	4	4	5	5	5	4	4	4	4	4	4	4	4	4	71	4,18
21	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	51	3,00
22	5	5	5	5	4	3	3	4	4	4	4	4	4	4	4	4	4	70	4,12
23	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
24	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
25	4	4	4	3	4	4	3	4	3	4	4	4	4	4	4	4	4	65	3,82
26	4	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	63	3,71
27	4	4	4	4	4	3	3	3	3	3	3	3	3	3	3	3	3	56	3,29
28	4	4	4	4	4	3	3	3	3	4	4	3	4	3	4	3	3	60	3,53
29	4	4	4	4	3	4	3	4	3	4	3	3	3	4	3	4	4	61	3,59
30	3	4	4	3	4	3	3	3	3	4	4	4	4	4	4	4	4	62	3,65
31	3	4	3	4	3	4	4	4	4	4	3	4	4	4	4	4	4	64	3,76
32	3	5	3	3	3	5	3	3	4	3	3	3	4	4	4	4	4	61	3,59

X2: Auditor Expertise

No	EA1	EA2	EA3	EA4	EA5	EA6	EA7	EA8	EA9	EA10	EA11	EA12	EA13	EA14	EA15	Total	X2
1	5	5	5	5	5	4	4	4	4	4	3	3	3	3	3	60	4,00
2	5	5	5	5	5	4	4	4	5	5	5	5	5	5	5	72	4,80
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00
4	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
5	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	60	4,00
6	5	5	5	5	5	4	4	4	4	4	3	4	4	4	5	65	4,33
7	5	5	5	5	5	4	4	4	4	4	3	3	3	4	4	62	4,13
8	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00
9	5	5	5	5	5	5	5	4	4	4	3	3	4	4	4	65	4,33
10	3	3	5	3	3	4	3	3	4	3	3	3	4	4	4	52	3,47
11	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
12	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
13	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
14	5	5	5	5	5	4	4	4	4	4	3	3	3	3	3	60	4,00
15	5	5	5	5	5	4	4	4	5	5	5	5	5	5	5	72	4,80
16	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00
17	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
18	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	60	4,00
19	5	5	4	4	4	4	4	4	4	4	3	4	4	4	5	62	4,13
20	5	5	4	5	5	4	4	4	4	4	3	3	3	4	4	61	4,07
21	3	3	3	3	3	3	3	3	3	2	2	2	2	3	3	41	2,73
22	5	5	5	4	4	5	5	5	5	5	3	3	5	4	5	68	4,53
23	5	5	5	5	5	4	4	4	4	4	3	4	4	4	4	64	4,27
24	5	5	4	4	4	4	4	4	4	4	3	4	4	4	4	61	4,07
25	3	3	3	4	3	3	4	3	4	3	3	3	3	4	4	50	3,33
26	5	5	4	4	4	4	4	4	4	4	3	4	4	4	4	61	4,07
27	5	5	4	5	5	4	4	4	4	4	3	3	3	3	3	59	3,93
28	5	5	5	4	4	4	4	4	4	5	4	4	4	5	4	65	4,33
29	3	3	3	4	4	3	3	3	3	3	3	3	3	3	3	47	3,13
30	5	5	4	4	5	4	4	4	4	4	3	4	4	4	4	62	4,13
31	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	60	4,00
32	5	5	5	4	4	4	4	4	4	4	3	4	4	4	4	62	4,13

Y: Fraud Detection

No	FD1	FD2	FD3	FD4	FD5	FD6	FD7	FD8	FD9	FD10	FD11	FD12	FD13	FD14	FD15	Total	Y	
1	5	5	5	5	5	3	3	4	3	3	3	3	3	3	3	56	3,73	
2	5	5	5	5	5	3	3	3	3	3	3	3	3	3	3	55	3,67	
3	3	3	3	3	3	4	3	4	4	4	3	4	4	3	3	51	3,40	
4	3	3	3	3	3	4	5	3	4	3	3	4	3	3	3	50	3,33	
5	3	2	3	4	3	4	3	4	2	3	2	4	3	3	4	47	3,13	
6	5	5	5	5	5	4	5	4	4	5	5	4	3	3	5	67	4,47	
7	5	5	5	5	5	4	5	5	5	4	4	4	4	4	4	68	4,53	
8	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00	
9	5	4	4	4	4	4	4	4	4	4	4	4	4	5	5	63	4,20	
10	3	3	3	3	3	3	3	3	4	3	3	3	3	3	3	46	3,07	
11	5	5	5	5	5	4	5	4	4	5	5	4	3	3	5	67	4,47	
12	5	5	5	5	5	4	5	4	4	5	5	4	3	3	5	67	4,47	
13	5	5	5	5	5	4	5	4	4	5	5	4	3	3	5	67	4,47	
14	5	5	5	5	5	3	3	4	3	3	3	3	3	3	3	56	3,73	
15	5	5	5	5	5	3	3	3	3	3	3	3	3	3	3	55	3,67	
16	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00	
17	5	5	5	5	5	4	4	4	4	5	4	4	4	4	4	66	4,40	
18	3	2	3	4	3	4	3	4	2	3	2	4	3	3	4	47	3,13	
19	4	4	4	4	4	4	5	4	4	5	5	4	3	3	4	61	4,07	
20	4	4	4	4	4	4	4	5	5	4	4	4	4	4	4	62	4,13	
21	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45	3,00	
22	4	4	4	5	4	4	4	4	4	4	5	4	4	4	5	63	4,20	
23	4	4	4	4	5	4	4	4	4	4	5	4	4	3	3	4	60	4,00
24	5	4	5	4	4	4	4	4	4	4	4	4	4	3	3	4	60	4,00
25	4	4	4	4	4	4	5	4	4	4	4	4	4	3	3	5	60	4,00
26	4	5	4	4	4	4	4	4	4	4	4	4	4	4	4	61	4,07	
27	4	4	4	5	4	3	3	4	3	3	3	3	3	3	3	52	3,47	
28	5	4	4	4	4	4	4	3	4	4	4	4	3	3	3	56	3,73	
29	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	46	3,07	
30	5	5	4	4	5	4	4	4	4	5	5	4	4	4	5	66	4,40	
31	3	2	3	4	3	4	3	4	2	3	2	4	3	3	4	47	3,13	
32	5	5	4	4	5	4	4	4	4	4	4	4	5	5	5	66	4,40	

الجامعة الإسلامية
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APPENDIX 3: Processing data with SPSS software

Regression

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	X2, X1 ^b	.	Enter

a. Dependent Variable: Y

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666 ^a	.443	.405	.41511

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.977	2	1.988	11.539	.000 ^b
	Residual	4.997	29	.172		
	Total	8.974	31			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.259	.774		.334	.741
	X1	.519	.249	.350	2.085	.046
	X2	.414	.173	.402	2.395	.023

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	.681	1.468
	X2	.681	1.468

a. Dependent Variable: Y



Corporate Governance (X₁)

Correlations

		Tot
	Pearson Correlation	.562**
CGDF1	Sig. (2-tailed)	.001
	N	32
	Pearson Correlation	.740**
CGDF2	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.515**
CGDF3	Sig. (2-tailed)	.003
	N	32
	Pearson Correlation	.435*
CGDF4	Sig. (2-tailed)	.013
	N	32
	Pearson Correlation	.531**
CGDF5	Sig. (2-tailed)	.002
	N	32
	Pearson Correlation	.597**
CGDF6	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.624**
CGDF7	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.625**
CGDF8	Sig. (2-tailed)	.000



	N	32
	Pearson Correlation	.594**
CGDF9	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.720**
CGDF10	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.773**
CGDF11	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.758**
CGDF12	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.819**
CGDF13	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.821**
CGDF14	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.760**
CGDF15	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.768**
CGDF16	Sig. (2-tailed)	.000
	N	32
CGDF17	Pearson Correlation	.768**



	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	1
Tot	Sig. (2-tailed)	
	N	32

Reliability

Scale: ALL VARIABLES

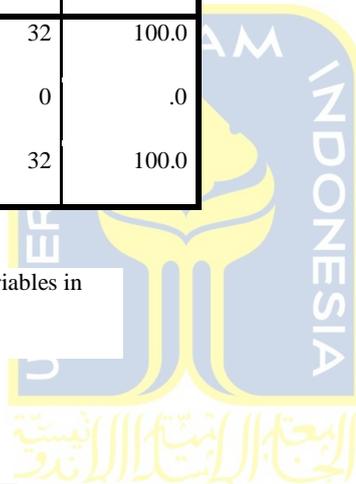
Case Processing Summary

		N	%
	Valid	32	100.0
Cases	Excluded ^a	0	.0
	Total	32	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.918	17



Auditor Expertise (X₂)

Correlations

		Tot
	Pearson Correlation	.892**
RASECGPSO1	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.892**
RASECGPSO2	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.830**
RASECGPSO3	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.760**
RASECGPSO4	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.782**
RASECGPSO5	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.822**
RASECGPSO6	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.805**
RASECGPSO7	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.877**
RASECGPSO8	Sig. (2-tailed)	.000



	N	32
	Pearson Correlation	.883**
RASECGPSO9	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.930**
RASECGPSO10	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.508**
RASECGPSO11	Sig. (2-tailed)	.003
	N	32
	Pearson Correlation	.726**
RASECGPSO12	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.795**
RASECGPSO13	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.751**
RASECGPSO14	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.743**
RASECGPSO15	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	1
Tot	Sig. (2-tailed)	
	N	32



Reliability

Scale: ALL VARIABLES

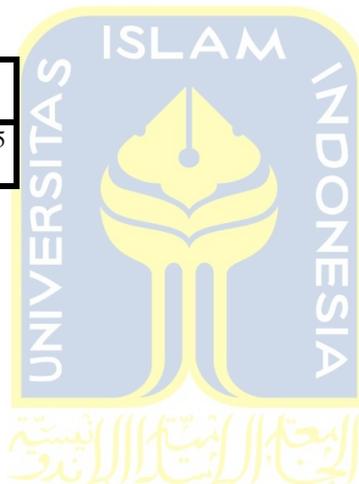
Case Processing Summary

		N	%
	Valid	32	100.0
Cases	Excluded ^a	0	.0
	Total	32	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.956	15



Fraud Detection (Y)

Correlations

		Tot
	Pearson Correlation	.793**
DF1	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.815**
DF2	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.769**
DF3	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.658**
DF4	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.823**
DF5	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.584**
DF6	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.760**
DF7	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.621**
DF8	Sig. (2-tailed)	.000



	N	32
	Pearson Correlation	.707**
DF9	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.833**
DF10	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.857**
DF11	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	.578**
DF12	Sig. (2-tailed)	.001
	N	32
	Pearson Correlation	.466**
DF13	Sig. (2-tailed)	.007
	N	32
	Pearson Correlation	.502**
DF14	Sig. (2-tailed)	.003
	N	32
	Pearson Correlation	.749**
DF15	Sig. (2-tailed)	.000
	N	32
	Pearson Correlation	1
Tot	Sig. (2-tailed)	
	N	32



Reliability

Scale: ALL VARIABLES

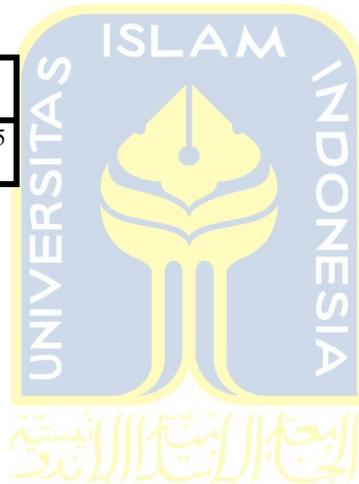
Case Processing Summary

		N	%
	Valid	32	100.0
Cases	Excluded ^a	0	.0
	Total	32	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.929	15



Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	32	3.00	4.41	3.6534	.36263
X2	32	2.73	4.80	3.9706	.52315
Y	32	3.00	4.53	3.7981	.53803
Valid N (listwise)	32				

NPar Test

One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		32
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.96720415
	Absolute	.117
Most Extreme Differences	Positive	.078
	Negative	-.117
Kolmogorov-Smirnov Z		.659
Asymp. Sig. (2-tailed)		.777

a. Test distribution is Normal.

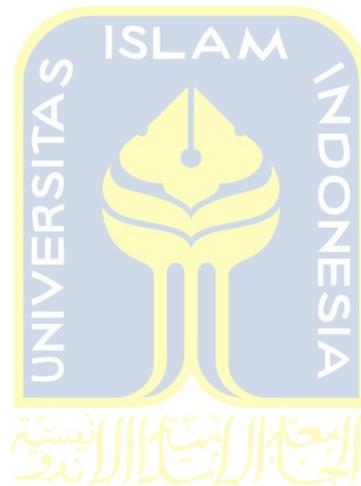
b. Calculated from data.

Heteroscedasticity Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.		
	B	Std. Error	Beta				
1	(Constant)	-.084	1.097		-.076	.940	
	X1	.043	.353		.027	.123	.903
	X2	.173	.245		.157	.708	.484

a. Dependent Variable: abs_res



APPENDIX 4: Confirmation Letter has done the research



BADAN PEMERIKSA KEUANGAN
PERWAKILAN PROVINSI DAERAH ISTIMEWA YOGYAKARTA
Jalan HOS. Cokroaminoto Nomor 52 Yogyakarta 55244. Telepon (0274) 563635 Faximile (0274) 588736

SURAT KETERANGAN

Nomor: I /S/XVIII.YOG.1.1/03/2019

Kami yang bertandatangan di bawah ini,

Nama : TEGUH SRIHASTO
NIP : 197106161997031004
Jabatan : Kepala Subbagian Humas dan Tata Usaha Kepala Perwakilan
BPK Perwakilan Provinsi DIY

menerangkan bahwa Mahasiswa yang namanya tercantum di bawah ini,

Nama : TAUFAN BAGAS LEFINSO
NIM : 15312014
Fakultas : Ekonomi
Program Studi : Akuntansi Program Internasional
Asal Universitas : Universitas Islam Indonesia

telah melaksanakan penelitian dalam rangka penyusunan skripsi yang berjudul **"Peran Corporate Governance Dalam Mendeteksi dan Mencegah Terjadinya Fraud Pada Public Sector Organizations (Studi Pada BPK Perwakilan Provinsi Daerah Istimewa Yogyakarta)"**.

Demikian surat keterangan ini kami buat agar dipergunakan sebagaimana mestinya.

Yogyakarta, 8 Maret 2019
Kepala Subbagian Humas dan
Tata Usaha Kepala Perwakilan,

